

<http://www.thehindubusinessline.in/2003/07/09/stories/2003070902510300.htm>

Cabinet will decide on telecom FDI: Shourie

Our Bureau



The Minister for Communications and IT, Mr Arun Shourie (extreme right), with Mr N. K. Goyal, President, TEMA, and Mr Prithipal Singh, CMD, BSNL, at a press conference in the Capital on Tuesday.

NEW DELHI, July 8

FOLLOWING objections raised by the security agencies to increasing the FDI sectoral cap in telecom, the Department of Telecommunications (DoT) has recommended an alternative route of placing FII investments outside the existing sectoral cap subject to an overall investment cap of 74 per cent.

This was disclosed by the Union Communications Minister, Mr Arun Shourie, in the sidelines of a press conference to announce changes in the procurement policies of Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL).

"We have discussed the matter with the security agencies and since they are not comfortable about passing on management control to the foreign promoters, we have suggested that an alternative route of raising FII limit may be considered. This will be placed before the Cabinet before a final decision is taken", he said.

Earlier, announcing the changes made to the procurement policies, Mr Shourie stated that these would streamline the procedures and bring about more transparency in the system. Especially, since the tenders issued by both the PSUs cross the Rs 15,000-crore mark every year. The new policy includes a sharp cut in the processing time, validity period and flexibility to place repeat orders.

The tender processing time has been cut down from 180 days to 120 days. Accordingly the bid validity period has been reduced from 210 to 150 days and the validity of the Bid Bond has also been reduced to 180 days. Both the PSUs have also been given the freedom to decide the methodology to be adopted for procurement taking into the consideration the cost, time and business opportunity.

"Guidelines have been issued to make the initial 90-95 per cent payment to various vendors within three weeks of receipts of invoices/ bills for the supply of materials. It was agreed to review the payment position after three months and if certain issues / problems need to be sorted out, then needful will be done and situation reviewed after next three months. In the event of payment getting delayed then BSNL would review the payments to be made at circle level," he said.

The Minister also noted that it has been decided to publish an annual calendar of tenders, which will be updated monthly.

While there will be no change in eligibility criteria once the tender has been floated, the bid security will be two per cent subject to a maximum of Rs 2 crore. If a bidder does not accept the purchase order as per the offer given by him, he will not be eligible to participate in the tender for the same item for one year with effect from date of issue of the order, he said.

The deliver period has been scaled four from four to eight months. Pending performance bank guarantees will be released within the next 90 days, while pending provisional prices cases will be resolved in the next 90 days. Arbitration by a panel of ex Department officers would be considered and if needed, the existing arbitrator would be changed with mutual agreement between vendors and BSNL/MTNL.

"A working group has been formed to study transition to new technologies in next five years. A system is being devised to incentivise early deliveries by vendors. Also, the information regarding the stocks available at BSNL/ MTNL stores, purchase orders issued and pending bills of suppliers for payment is proposed to be available on departmental Web site," the Minister noted.

THE ECONOMIC TIMES

http://articles.economictimes.indiatimes.com/2003-07-09/news/27559421_1_bsnl-and-mtnl-mtnl-cmd-narinder-sharma-bsnl-cmd-prithipal-singh

9th July, 2003

Telecom clean-up recasts tendering

TNN Jul 9, 2003, 03.30am IST

NEW DELHI: In a major change in their procurement policies, the government-owned Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) will now be allowed to place repeat orders of up to 50% of the contract value within 12 months. BSNL and MTNL purchase telecom equipment worth Rs 15,000 crore per annum.

This was announced today by the Union IT and Telecommunications minister Arun Shourie. He also announced that the processing time has been reduced to 120 days from 180 days.

We have codified the telecom equipment tendering process in consultation with the industry, BSNL and MTNL. Now onwards the government would be out of picture in tendering matters," said Mr Shourie.

President of Telecom Equipment Manufacturers Association (TEMA) N K Goyal said the issues related to tenders would be taken up by the association. "All the manufacturers from all over the country participated in the process of formulation of new procurement policy," said Mr Goyal.

The value of performance bank guarantee has been raised from the maximum Rs 1 crore to 5% of the total order value. Guidelines have also been issued to make the initial 90-95% payment to vendors within three weeks of receipt of invoices, bills for the supply of materials.

BSNL and MTNL will now have to publish annual calendar of tenders, which would be updated monthly, said Mr Shourie.

The validity of bid bond has also been cut down to 180 days and bid security would be 2% subject to a maximum of Rs 2 crore. Pending PBGs will be released within the next 90 days and pending provisional prices cases will be resolved within next 90 days. The new guidelines also stipulates issuing purchase order on firm prices only.

BSNL CMD Prithipal Singh, MTNL CMD Narinder Sharma, Alcatel managing director Ravi Sharma, and Paramount Communications' managing director Sanjay Aggarwal were also present at the press conference.

THE TIMES OF INDIA

India Business

<http://timesofindia.indiatimes.com/business/india-business/BSNL-MTNL-get-new-equipment-procurement-rules/articleshow/66085.cms>

8th July, 2003

BSNL, MTNL get new equipment procurement rules

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TNN | Jul 8, 2003, 08.09PM IST

NEW DELHI: The government has announced new equipment procurement norms for state-owned telecom companies BSNL and MTNL, saying, this move would streamline the tendering process and help the two firms to expand operations faster.

This year, BSNL and MTNL have plans to spend around Rs 15,000 crore on switches, towers, optic fibre cable, microwave backbone to give out about 6 million cellular, WLL-M (mobile wireless in local loop) and fixed phone connections.

Over the past few years, the tendering procedures have caused much controversy and led to delays in roll-out of projects of MTNL and BSNL. Often, companies that fail to win orders end up sending anonymous letters to the various government authorities and the media alleging irregularities in the processes, making senior officials answerable to investigating agencies and slowing down the expansion plans.

Besides, political pressures are mounted on the two companies that end up involving the ministry. A couple of years ago, BSNL's cellular telephony roll out got delayed in part because the then communications minister Pramod Mahajan wanted foreign vendors to offer a better deal to the company in a contract that was worth about Rs 2,000 crore.

Outlining some of these difficulties faced by BSNL/ MTNL, communications minister Arun Shourie said on Tuesday that the new guidelines would be effective because equipment makers, led primarily by TEMA (Telecom equipment manufacturers Association), were involved in evolving the guidelines.

Shourie also said that the ministry would not be involved in the procurement process, unless some serious allegations were brought to the notice. He said however, that even that should not be necessary because industry players would together (not individually) settle these matters at the level of CMDs.

Shourie said steps have been taken -- in the 21-point procurement guidelines -- to ensure that companies do not default on their commitments after putting aggressively bid. Equipment makers bid low to win contracts and some firm trying to enter Indian market make commitments without the ability to execute orders.

Following are some of the new procurement norms:

Tender processing time cut to 180 days from 210 days; bid validity reduced to 150 days.

BSNL/MTNL to decide procurement methodology; will be able to place repeat order worth up to 50 per cent of contract value, within 12 months.

Bid security will be 2 per cent, maximum of Rs 2 crore.

Performance bank guarantee increased from Rs 1 crore to 5 per cent of the order value.

A working group to study transition to new technologies.